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11-27-17  
01:39 PM

JF2/mph 11/27/2017

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop an  
Electricity Integrated Resource Planning  
Framework and to Coordinate and Refine  
Long-Term Procurement Planning  
Requirements.

Rulemaking 16-02-007

**ADMINISTRATIVE LAW JUDGE'S RULING DENYING  
MOTION FOR EVIDENTIARY HEARINGS**

**Summary**

This ruling denies the October 10, 2017 motion of the Protect Our Communities Foundation (POC).

**1. Protect Our Communities Foundation Motion**

On October 10, 2017, POC filed a motion for evidentiary hearings. The motion argues that the schedule in this proceeding is inexplicably rushed and if the Commission fails to hold hearings, it will be out of compliance with Senate Bill (SB) 350 (DeLeón, 2015), as codified in Public Utilities Code Sections 454.51 and 454.52, as well as section 1822.<sup>1</sup>

The POC motion refers to the RESOLVE model, which the Commission staff has been using to inform recommendations for the Reference System Plan (RSP), as articulated in the September 19, 2017 Administrative Law Judge ruling

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<sup>1</sup> All references to code sections hereafter refer to the Public Utilities Code.

seeking comment on the RSP. POC states in its motion that the RESOLVE model “must be verified as based upon accurate assumptions and methodology that mimics reality in a transparent administrative process through which a fact-based record is developed, informed by public participation and the due process of a fair hearing.”

POC’s motion then goes on to discuss Section 1822 requirements that computer models be reasonably accessible to parties and that the Commission and parties verify such models.

In addition, POC argues that the schedule in the proceeding needs to be adjusted to take into account decisions of other government bodies that have a direct effect on the assumptions in the modeling, such as decisions of the International Trade Commission (ITC) and the California Energy Commission (CEC).

POC’s motion makes reference to the scoping memo in this proceeding, issued May 26, 2016, which included the determination that hearings may be required, as well as instructions for submitting testimony or workpapers through the Commission’s “supporting documents” feature of the Commission’s electronic filing system. POC refers to these instructions as “unusual.” Later in its motion, POC complains that it cannot find or does not have access to documents in this proceeding, based on use of the “supporting documents” feature, and criticizes the staff decision to share certain documents via the Commission’s web site.

Next, POC refers to its September 21, 2017 motion for an extension of time to request RESOLVE modeling runs from Commission staff, which was denied, and then comments on the Commission staff response to its requested runs. POC argues that because Commission staff did not run its requested cases, POC

and other parties have “been entirely blocked from any access to the model” and “prevented from being able to verify the model.” POC assumes this means that the Commission would not consider cases run by parties, since staff was unable to informally run cases requested within window available.

The crux of POC’s motion is that an informal process is insufficient to fulfill the requirements of SB 350. Instead, POC argues, the RESOLVE model must be subject to verification via hearings. POC also specifically argues that there are factual disputes that require hearings, such as the statutorily required increase in energy efficiency, as well as the price, availability, and time for procurement of wind, solar, and storage.

## **2. Responses to the POC Motion**

No party filed a response to the POC motion for evidentiary hearings.

## **3. Discussion**

POC correctly cites the Commission’s responsibilities required in Sections 454.51 and 454.52. Particularly relevant to the POC motion is Section 454.51 which gives the Commission the following direction to:

- (a) Identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner. The portfolio shall rely upon zero carbon-emitting resources to the maximum extent reasonable and be designed to achieve any statewide greenhouse gas emissions limit established pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) or any successor legislation.
- (b) Direct each electrical corporation to include, as part of its proposed procurement plan, a strategy for procuring best-fit and least-cost resources to satisfy the portfolio needs identified by the commission pursuant to subdivision (a).

POC also refers to the requirements of Section 1822, which state:

- (a) Any computer model that is the basis for any testimony or exhibit in a hearing or proceeding before the commission shall be available to, and subject to verification by, the commission and parties to the hearing or proceedings to the extent necessary for cross-examination or rebuttal, subject to applicable rules of evidence, except that verification is not required for any electricity demand model or forecast prepared by the State Energy Resources Conservation and Development Commission pursuant to Section 25309 or 25402.1 of the Public Resources Code and approved and adopted after a hearing during which testimony was offered subject to cross-examination. The commission shall afford each of these electricity demand models or forecasts the evidentiary weight it determines appropriate. Nothing in this subdivision requires the State Energy Resources Conservation and Development Commission to approve or adopt any electricity demand model or forecast.
- (b) Any testimony presented in a hearing or proceeding before the commission that is based in whole, or in part, on a computer model shall include a listing of all the equations and assumptions built into the model.
- (c) Any data base that is used for any testimony or exhibit in a hearing or proceeding before the commission shall be reasonably accessible to the commission staff and parties to the hearing or proceeding to the extent necessary for cross-examination or rebuttal, subject to applicable rules of evidence, as applied in commission proceedings.
- (d) The commission shall adopt rules and procedures to meet the requirements specified in subdivisions (a), (b), and (c). These rules shall include procedural safeguards that protect data bases and models not owned by the public utility.
- (e) The commission shall establish appropriate procedures for determining the appropriate level of compensation for a party's access.

- (f) Each party shall have access to the computer programs and models of each other party to the extent provided by Section 1822. The commission shall not require a utility to provide a remote terminal or other direct physical link to the computer systems of a utility to a third party.
- (g) The commission shall verify, validate, and review the computer models of any electric corporation that are used for the purpose of planning, operating, constructing, or maintaining the corporation's electricity transmission system, and that are the basis for testimony and exhibits in hearings and proceedings before the commission.
- (h) The transmission computer models shall be available to, and subject to verification by, each party to a commission proceeding in accordance with subdivision (a) of Section 1822, and regulations adopted pursuant to subdivision (d) of Section 1822.

Despite its general arguments, POC's motion does not identify any specific area in which the Commission is allegedly in violation of any of these requirements.

With respect to the requirements for modeling accessibility and verification required in Section 1822, the Commission has made available not only the assumptions and inputs to the RESOLVE model, but also the model itself, on its publicly-accessible web site. Any party can access the model at any time, modify assumptions or inputs, and run alternative scenarios. This level of accessibility is, in fact, more transparent than the requirements of Section 1822.

POC, in its motion, makes a great deal about the reference to "supporting documents" feature of the Commission's e-filing system in the scoping memo. This feature is relatively new and not unique to this proceeding. It is intended as an additional way in which parties may make information available in the record of the proceeding, but it is not the only way information may be shared.

Comments on the record of the proceeding which include such information, as well as the ALJ rulings and attachments, are also part of the formal record.

In addition, POC complains about the lack of accessibility of information in the record of this proceeding, but there appears to be no more accessible approach than posting all information to the Commission's web site, which Commission staff has done in this proceeding. While it is true that some of the data and model electronic files are large, that is inherent to any model or data file that covers large amounts of data in an electric system as large as California's. While the model makes a number of simplifying assumptions, there are inherently tradeoffs between greater levels of simplicity and desirable accuracy in any modeling exercise.

In addition, staff made an informal opportunity available to parties, as a further courtesy, to provide staff assistance in running some scenarios for party analysis and review. Staff made the limits of such assistance known up front. Had staff not made their offer of assistance subject to certain limitations, they would not have been able to provide modeling runs available within the time available. Commission staff was not required to offer this assistance at all, and does not typically do so in other proceedings. This staff offer went above and beyond the level of assistance available to parties in most proceedings.

The RESOLVE model itself was available to all parties beginning on July 19, 2017 and through the October 26, 2017 deadline for comments on the September 19, 2017 ALJ ruling. These three months provided ample time for parties to run their own scenarios and analyses, as several parties did, separate from staff's voluntary assistance offered. In fact, over 50 parties have already commented on the modeling results and associated recommendations.

In addition, POC, in arguing that this proceeding is being rushed, conveniently ignores the requirements of Section 454.52 (a) which state: “Commencing in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the plan...”

Therefore, the purpose of the deadlines set forth throughout this proceeding is to make it possible for the Commission to consider the requirements for integrated resource plans (IRPs) of the load serving entities (LSEs) “commencing in 2017.”

In addition, the modeling work in 2017 has been only one aspect of this proceeding, which commenced in February 2016 and has been ongoing, with several large opportunities for party input, for more than 18 months. While comment on the RSP represents the culmination of the considerable effort in this proceeding, it is not being “rushed” and instead builds on the previous comments by parties in earlier rounds, all of which form the record in the proceeding.

Finally, the POC motion completely mischaracterizes the purpose of the use of the RESOLVE model in this proceeding. RESOLVE is a capacity expansion model that uses certain assumptions and inputs to test potential results under various scenarios of future conditions. The Commission’s purpose in using RESOLVE is to help illuminate the potential impacts of certain decisions on future outcomes in the electric sector by 2030 that are inherently uncertain. By constraining the model by greenhouse gas emission limits and reliability requirements, the model can help identify cost impacts, when using its inputs

and assumptions, which can be modified to test the uncertainties in particular variables.

As stated by a consultant to The Utility Reform Network in one of the workshops in July, “all models are wrong, but some models are useful.” The Commission’s intent is not to rely on the RESOLVE results as facts, but rather to help narrow the options for planning targets for LSEs required to file IRPs. By their very nature, many of the assumptions used to run the RESOLVE model cannot be tested as “fact” in the context of evidentiary hearings, because most of their assumed values lie in the future, not the present.

To deal with this inherent uncertainty and help bound the results of the model, Commission staff ran three major scenarios and more than 200 individual sensitivity cases designed to test the impact of changes to a large number of input variables. Among these cases were some intended to address the uncertainty associated with the other pending government actions and decisions, such as those of the ITC and CEC mentioned by POC in its motion.

Like many other actions between now and 2030, the Commission cannot currently predict those outcomes, and part of the purpose of modeling is to understand the impact of such uncertainties. In addition, parties ran quite a few more cases on their own utilizing their own preferred assumptions for certain variables.

All of these results are publicly available, either made available by Commission staff, or filed formally in this proceeding as part of party comments on the RSP. This affords appropriate due process to all parties.



Ultimately, the results of the RESOLVE cases are intended to help inform future electricity system planning. For all these reasons, the Commission's actions in utilizing the RESOLVE model in this proceeding meet the requirements of SB 350 as well as Section 1822. Accordingly, the POC motion for evidentiary hearings is denied.

**IT IS RULED** that the October 10, 2017 Motion of the Protect Our Communities Foundation for Evidentiary Hearings is denied.

Dated November 27, 2017, at San Francisco, California.

/s/ JULIE A. FITCH  
Julie A. Fitch  
Administrative Law Judge